



The Fuji Oil Group's Value Creation

Vision for 2030

Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy.

Actions to Achieve the Vision

Creating innovative plant-based ingredients to form a highly profitable business portfolio

Creating social value by undertaking and contributing to resolving social issues related to the food value chain

Implementing human resource development and corporate culture reform

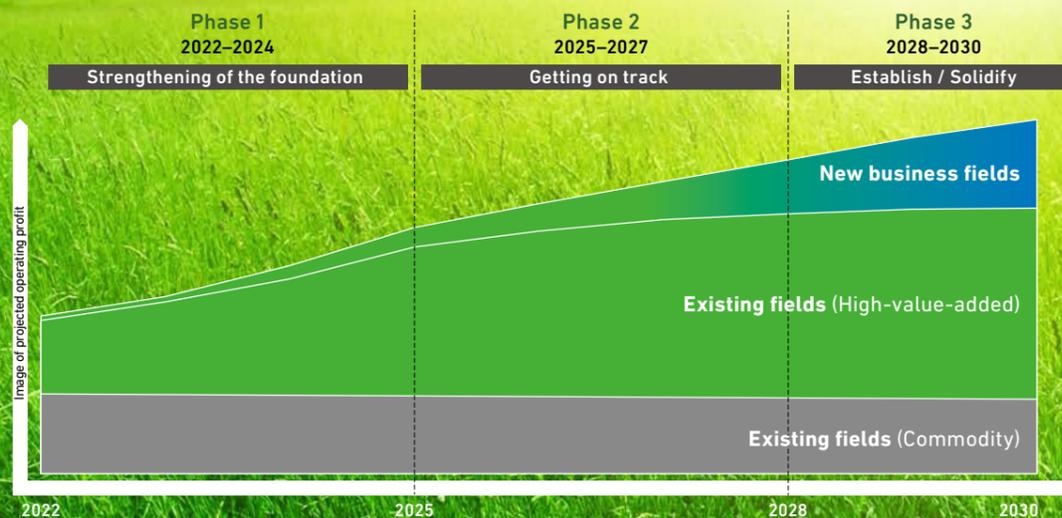
2030 Targets

- ROE 10%
- ROIC 8%

- Achieve sustainable procurement commitment
- Achieve Environmental Vision 2030

- Work to provide an environment that motivates globally diverse human resources to undertake new challenges and achieve innovation. United toward achieving growth

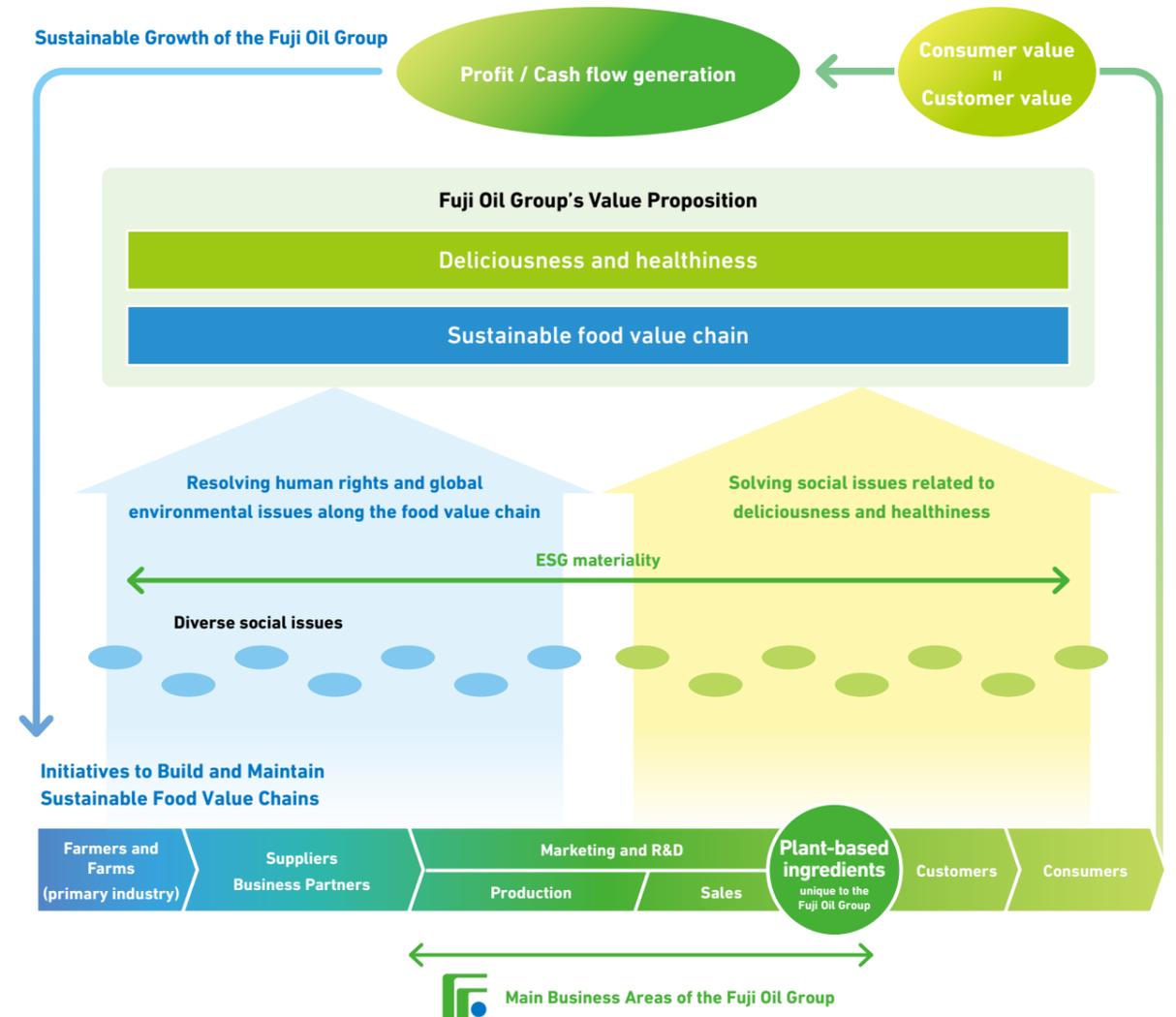
Growth to 2030



The Fuji Oil Group's Value Creation Goals

Co-Creating a Sustainable Future for Food

Expanding Food Choices with Plant-Based Ingredients



The Fuji Oil Group performs a midstream function in the food value chain, manufacturing and selling plant-based ingredients that are unique to the Group's R&D and production activities.

In fulfilling this function, we strive to provide solutions that meet the expectations of all stakeholders by promptly identifying social issues in the food value chain, such as global environmental issues, human rights, and mental and physical health.

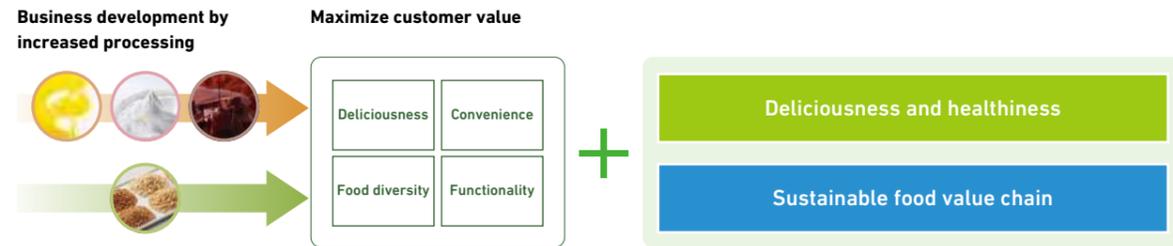
We aim to achieve sustainable growth of the Group and actualize a cycle of value creation through co-creating a sustainable future for food by expanding consumers' food choices.

The Fuji Oil Group's Value Proposition

Our Constant Creation of Value

The foundations of the Fuji Oil Group are built on the Vegetable Oils and Fats Business, primarily centered on southeastern oils and fats, and the Soy-Based Ingredients Business, primarily centered on soy protein. Furthermore, we have developed our Emulsified and Fermented Ingredients Business and Industrial Chocolate Business with the aim of maximizing our value proposition by increasing product processing. The foundation of our ability to provide products that have met the specific needs of customers and consumers to date is the Group's unique business portfolio based on these four main businesses. In the midst of demand for material affluence as economies grow around the world, we have contributed to the development and transformation of food culture by creating new materials with new value, adding deliciousness and function, and improving the quality of our customers' end products.

Reference: Research and Development → P38



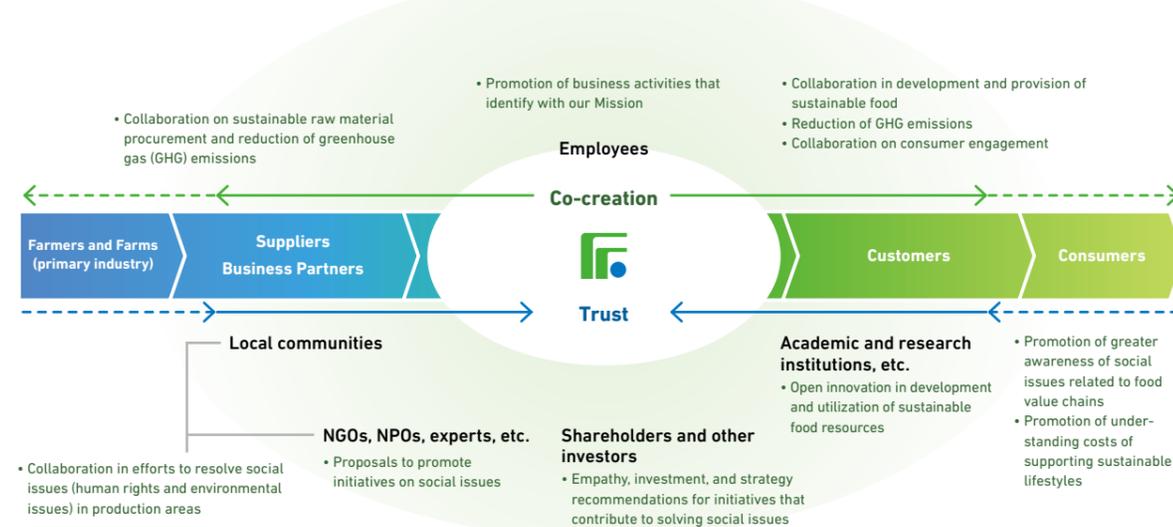
Future Value Creation

Around the globe, there is a growing awareness of the challenges of building a sustainable society and ever more integration of food and health, and there is an increasing demand for the "healthiness" of mind and body, accompanied by "delicious taste," which is translating into food where "deliciousness and healthiness" can coexist. Another growing consumer value is that food is produced in a "sustainable food value chain." The Group will provide these values with plant-based ingredients to expand consumers' food choices.

Value Creation through Co-Creation

A complex supply chain and many stakeholders are involved before food reaches the consumer. Social issues, such as human rights and environmental issues, cannot be solved by a single company alone; they must be addressed by the entire value chain, including consumers.

As a midstream player in the food value chain, the Fuji Oil Group will further focus on co-creation with various stakeholders. We will strengthen our engagement with both upstream and downstream players to build a sustainable food value chain and pursue deliciousness and healthiness to achieve a sustainable future of food. Also, we aim to realize further growth by earning the trust of our stakeholders through co-creation and demonstrating our strength as a raw material manufacturer worthy to be chosen by stakeholders.



Strengthening of the Foundation: Mid-Term Management Plan (Fiscal 2022 to Fiscal 2024)

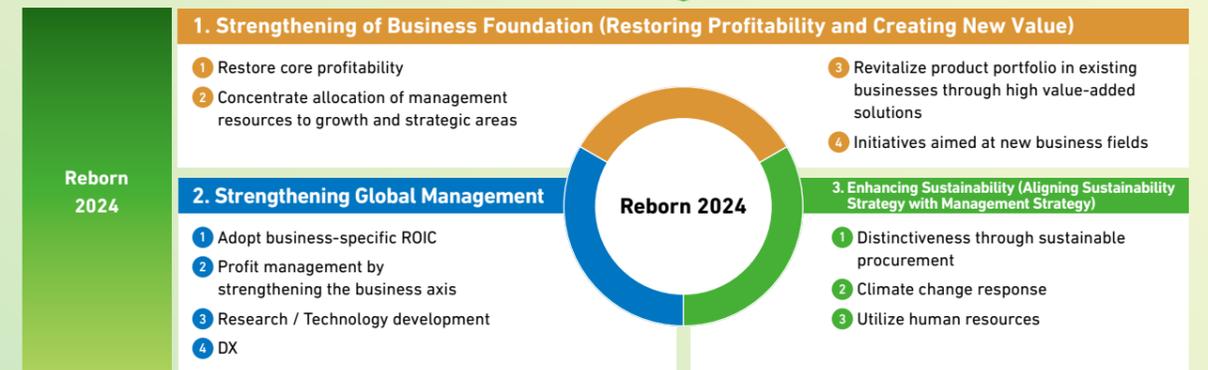
Reborn 2024

In the face of continued uncertainty due to the COVID-19 pandemic, soaring raw material prices, and increasing geopolitical risks, the business environment surrounding the Group's operations is becoming increasingly uncertain. We are also aware of various issues, such as our insufficient response to changes in the business environment and delays in new business creation, and the monetization of M&A projects and capital investments. In light of these circumstances, we believe that we need to improve our business profitability and to respond to change with greater speed. In a business environment that is expected to undergo even greater and faster change, in order for the Group to fulfill the value creation envisioned in its Vision for 2030, the Group must prioritize the recovery of profitability from its current assets and operations and the strengthening of its financial position to reinforce its foundation.

To those ends, we have divided the period up to 2030 into three, 3-year phases. Phase 1 is the Reborn 2024 mid-term management plan, the period for strengthening our business platform so that we can evolve into a corporate group that generates new value.

Reborn 2024 By responding to changes in society and changing markets and sales methods, we will be reborn as a corporate group that is able to generate new value in unpredictable operating environments.

Phase1 2022-2024	Phase2 2025-2027	Phase3 2028-2030
Strengthening of the foundation	Getting on track	Establish / Solidify
<ul style="list-style-type: none"> Realization of expected gains on major investments in Blommer, etc. Transformation of business management foundation Initiatives aimed at new business fields 	<ul style="list-style-type: none"> Promotion of growth strategies for major investments Expansion of new business fields Strengthening of business portfolio 	<ul style="list-style-type: none"> Highly profitable portfolio New business fields become pillars of business Sustainability as distinguishing factor
ROE 8%	ROE 9%	ROE 10%
ROIC 5%	ROIC 7%	ROIC 8%



2017-2021	Recognition	Business environment changes	Factors behind failure to achieve previous mid-term management plan and sluggish earnings
		<ul style="list-style-type: none"> Lifestyle changes triggered by COVID-19 Changes in values and ways of communication Increased market volatility due to climate and supply/demand changes Reaffirmation of geopolitical risk occurrence Increasing demands on companies to achieve sustainable development goals (SDGs) 	<ul style="list-style-type: none"> Insufficient response to changes in business environment (COVID-19, high raw material prices) Delays in new business creation and new plant construction Delays in monetization of M&A projects and capital investments Failure to achieve plan for high-value-added product groups

Basic Policies and Management Objectives of the Mid-Term Management Plan

1. Strengthening of Business Foundation (Restoring Profitability and Creating New Value)

The Fuji Oil Group has established its business portfolio by increasing the processing of southeastern oils and fats and soy protein (→ P16), but in the midst of dramatic changes in the business environment, profitability is declining mainly due to less competitive product lines. In addition, in order to forming a highly profitable business portfolio for 2030, we must revitalize our portfolio with high-value-added products in existing business areas and take on the challenge of entering new value-added business areas. We will strengthen our business foundation to restore profitability and create new value.

		Relevant Pages	
<p>1 Restore core profitability</p> <ul style="list-style-type: none"> Restore basic profitability by strengthening management and cost control for profitability improvement while steadily capturing demand in promising growth markets Capture market growth recovery <ul style="list-style-type: none"> U.S., Brazil / Chocolate demand China / Bakery market expansion Recovery of demand decline from COVID-19 Achieve profitability improvement <ul style="list-style-type: none"> Improved production efficiency Strengthened cost management and implemented appropriate pricing strategy Strengthened logistics cost reduction 	Business Strategy	→ P62	
<p>2 Concentrate allocation of management resources to growth and strategic areas</p> <ul style="list-style-type: none"> Concentrate management resources and achieve business growth through new locations and increased capacity Vegetable oils and fats: Fuji Oil New Orleans, LLC (U.S.) Industrial chocolates: Harald Indústria e Comércio de Alimentos Ltda, second plant (Brazil) Emulsified and fermented ingredients: New plant for cream (China) Soy-based ingredients: New plant for soy protein (Japan) 	Business Strategy	→ P62	
<p>3 Revitalize product portfolio in existing businesses through high-value-added solutions</p> <ul style="list-style-type: none"> Focus on differentiated products throughout the Group and promote portfolio revitalization with high-value-added products in existing business areas 	<p>Growth potential</p>	Business Strategy Business Portfolio Management	→ P63
<p>4 Initiatives aimed at new business fields</p> <ul style="list-style-type: none"> Create new sales methods and sales destinations, expand into new business fields 	Business Strategy Initiatives Focused on New Business Creation	→ P74	

2. Strengthening Global Management

As the domestic market matures and competition becomes increasingly global, our challenge is to build a global management structure to realize the Group's strategy and maximize corporate value while fulfilling the Group Management Philosophy. Since the transition to a Group headquarters system in 2015, we have promoted various initiatives to strengthen Group governance and corporate governance, and we have worked to enhance global management. However, we recognize that we were unable to respond to changes in the business environment in a timely manner, such as the COVID-19 pandemic and soaring raw material prices in fiscal 2020 to 2021. Under the new mid-term management plan, in addition to the adoption of ROIC management by business segment as a measure to improve business profitability, we will promote the reinforcement of our four business axes in order to shift to a highly capital-efficient management structure and business portfolio with a sense of speed that can address cross-area issues.

		Relevant Pages
<p>1 Adopt business-specific ROIC</p> <ul style="list-style-type: none"> Adopt FUJI ROIC to improve effectiveness of global business management Promote business portfolio management Monitor area strategy and allocate management resources 	Financial Strategy	→ P32
<p>2 Profit management by strengthening business axis</p> <ul style="list-style-type: none"> Implement cross-area business axis monitoring and strengthened profit management Implement profit responsibility by business division Take lead in purchasing raw materials and establishing supply chain management Be involved in area pricing and sales policies 	Business Strategy	→ P62

		Relevant Pages
<p>3 Research and technology development</p> <ul style="list-style-type: none"> Strengthen speedy, global R&D linked to business strategy Globally launch to market new products based on concepts of sustainability and health-consciousness Form link with business strategy and KPI management Strengthen global R&D 	Research and Development	→ P38
<p>4 DX</p> <ul style="list-style-type: none"> Achieve global business management sophistication through DX and new market development through transformation to internet-based approach Adopt and develop uniform core system for Group companies Build and use integrated database to promote management optimization Use data visualization to optimize supply chains and monitor management benchmarks on business-specific basis 	DX	→ P49

3. Enhancing Sustainability (Aligning Sustainability Strategy with Management Strategy)

As part of its DNA since its founding, the Fuji Oil Group has placed importance on environmental considerations and collaboration with local communities. Also, over the term of the previous mid-term management plan (fiscal 2107 to fiscal 2020), the Fuji Oil Group significantly developed its sustainability management activities, including the establishment of the position of ESG Representative, formulation of Environmental Vision 2030 and sustainable procurement commitments for each main raw material and the strengthening of initiatives. With the launch of the new mid-term management plan, we have entered the second stage of our sustainability efforts and will evolve from our previous top-down promotion structure to Groupwide activities. Of course, human resources are the true source of business continuity. We believe that it is an important management foundation for the Group's human resources to be able to work toward our goals with diverse perspective, to be provided with fair opportunities, and to be evaluated appropriately, thereby leading to the continued growth of the Group. We will deepen diversity, DE&I and promote the development of human resources and the acquisition of human resources who can play a key role in value creation.

		Relevant Pages
<p>1 Distinctiveness through sustainable procurement</p> <ul style="list-style-type: none"> Promote sustainable procurement and address biodiversity risks Promote a commitment to sustainable sourcing for palm oil, cocoa, soy beans, and shea kernels Promote biodiversity risk response and TNFD (Taskforce on Nature-related Financial Disclosures) principles 	Sustainable Procurement	→ P44
<p>2 Climate change response</p> <ul style="list-style-type: none"> Promote and brush up on Environmental Vision 2030 	Environment Initiatives	→ P52
<p>3 Utilize human resources</p> <ul style="list-style-type: none"> Implement corporate culture reform Promote diversity, equity and inclusion (DE&I) Hire, develop, and appropriately place human resources who support global management Strengthen internal and external communication 	Human Resources to Support Value Creation	→ P57

Reborn 2024 Management Plan Targets

Financial			Non-Financial		
Item	FY2024	FY2021 Results	Item	FY2024	FY2021 Results
Operating profit	¥23.5 billion	¥15.0 billion	CO ₂ emissions (Scope 1+ Scope 2)	23%*1 reduction in total CO ₂ emissions	21% reduction
ROE	8.0%	6.6%			
ROIC	5.0%	3.1%			
Shareholder returns	Dividend payout ratio 30%~40%	Dividend payout ratio 38.9%	Sustainable procurement (Palm oil)	TTP*2 ratio 85%	85%

*1 Base year: 2016, all consolidated subsidiaries
*2 TTP: Traceability to Plantation

Background and Motivation behind the Formulation of the New Mid-Term Management Plan

Background and Evaluation of Formulation

Question

Let's begin by asking you, Mr. Nishi, what are your thoughts looking back on the formulation of Reborn 2024, the Group's new mid-term management plan, and looking ahead to future challenges?

Nishi

In today's rapidly changing external environment, it's difficult to outline a vision of the next few years, which made it especially difficult to formulate a mid-term

management plan. Despite this environment, I respect that the Company has outlined appropriate policies and has positioned itself to move toward realizing its Vision for 2030. Even during the formulation process, the Company fully consulted with us, the outside directors, and we participated in discussions as appropriate, so there was no stress in that sense. On the other hand, the Company has set some high goals, and they will not be easy to achieve. In particular, I want to pay close attention to whether each of the strategies the Company has set can be implemented with a sense of urgency.

Sakai

When formulating the plan, we at first evaluated the internal and external environments influencing the

In May 2022, the Fuji Oil Group outlined its Vision for 2030: Together with our stakeholders, we will co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy. As Phase I of our initiatives to realize this vision, we announced a new mid-term management plan, Reborn 2024.

CEO Mikio Sakai, newly appointed CSO Hiroyuki Tanaka, and Outside Director Hidenori Nishi took part in a three-person discussion on the plan's implementation to achieve the Group's Vision for 2030.

Group. In addition to the destabilization of the global economy due to COVID-19, we also recognized geopolitical risks caused by the Russia-Ukraine conflict. And we reevaluated the previous mid-term management plan. We took those steps in order to identify the direction the Fuji Oil Group should take moving forward and how we should contribute to stakeholders, including efforts related to social issues, our customers, and our shareholders. Reborn 2024 is the result of discussions held among management members, led by the CSO Group. These discussions covered the issues and measures that the Fuji Oil Group needs to address in order to achieve its Vision for 2030. We focused on identifying key indicators that we must monitor at all times. While some aspects need further improvement, I believe we are

close to what we were aiming for with the mid-term management plan. This plan clarifies which performance indicators to use to identify the causes when results deviate from plans and which countermeasures to implement. As Mr. Nishi pointed out, we have set some high goals, but we will embrace a sense of speed toward steadily implementing the strategies outlined for the next three years in order to realize our 2030 vision.

Hidenori Nishi
Independent Outside Director

Profile

Mr. Hidenori Nishi has served as an Outside Director of Fuji Oil Holdings Inc. since June 2019. He worked for many years as the president and CEO of Kagome Co., Ltd., a global food products business. He has abundant experience as a corporate manager, a deep knowledge of marketing, and a high level of insight into the food industry, the core business area of the Fuji Oil Group.

Mikio Sakai
President

Chief Executive Officer (CEO)
Fuji Oil Holdings, Inc.

Profile

Mr. Mikio Sakai joined the Fuji Oil Group in 1983. He has experience as president of major Group subsidiaries in regions such as China and the U.S. and was appointed as a director in June 2015. After serving as Chief Strategy Officer, in April 2019 he became Chairman of Blommer Chocolate Company, the Group's core chocolate business in North America. He has held his current role as President and CEO since April 2021.

Hiroyuki Tanaka

Director
Senior Executive Officer
Chief Strategy Officer (CSO)
Chairman of Harald Indústria e Comércio de Alimentos Ltda

Profile

Mr. Hiroyuki Tanaka has extensive experience in sales and management in the food division of a major Japanese trading company, and he also has extensive experience in overseas business. During his transition to the Company, he has been instrumental in Post Merger Integration (PMI) as a director of Group companies Harald Indústria e Comércio de Alimentos Ltda and Blommer Chocolate Company. He has experience in the food business both domestically and internationally. From June 2022, as Chief Strategy Officer, he has been responsible for driving global management within the Group.

Three Basic Policies

Strengthening of Business Foundation

Question
The new mid-term management plan sets out three basic policies: strengthening of business foundation (restoring profitability and creating new value); strengthening global management; and enhancing sustainability (aligning sustainability strategy with management strategy). Toward strengthening of business foundation, the Company positioned high-value-added businesses as new business fields and announced a new business model using new technologies and new materials to achieve “surprisingly delicious foods” using only plant-based ingredients.

Nishi

The trend of economic development in various regions around the world remains unchanged. And people with financial flexibility will tend to seek higher added value in food. With these trends in mind, it makes sense for the Fuji Oil Group to pursue growth by focusing on the high-value-added market as a new business field. However, when talking about added value, it is not enough to simply improve product quality. Diversification is also necessary. For example, after carefully assessing the needs of each region or sales channel, there may be opportunities to provide service-related solutions that contribute to reductions in labor and utility costs for client companies.



Tanaka

I also have some thoughts about this new business field. The Group originally achieved growth based on high-value-added businesses. One could say that the Company entered the commodities field as a latecomer in order to further solidify its foundation through the expansion of scale. Although commodity businesses have high cost ratios, raw material prices were relatively stable between 2015 and 2020, which supported a stable earnings base for the Group. However, the risks associated with changes in the external environment have suddenly materialized. The Group is embracing a conservative approach to investment, which centers on predicting issues before they materialize and making capital investments to prevent problems in advance rather than after they occur. In the commodity business as well, I believe this preventive perspective is necessary and that we must build a foundation that is resistant to change. I also believe that stabilizing the commodity business is an unavoidable issue that we must face if we intend to promote initiatives in new business fields.

Sakai

Thus far, we have differentiated our products through technologies related to physical properties, such as manufacturing oils and fats for chocolate with good melting properties or improving yield. As Mr. Nishi mentioned earlier, moving forward we will also have to promote differentiation through intangible improvements, such as proposing solutions related to client services and packages. The most important premise for this

differentiation is “deliciousness.” The eating of plant-based foods that don’t taste good to solve social issues is something that is honorable in theory, but it is not a sustainable solution. People want to contribute to solving food resource shortages and environmental problems while enjoying delicious meals. The Group’s mission is to further improve food quality and expand food options in order to realize a sustainable food future.

Strengthening Global Management

Question
Another of the basic policies of the new mid-term management plan, strengthening global management, outlines a future direction based on a global management approach by adding business-specific management to area-specific management. In the past, Mr. Nishi, you have identified the need for the Fuji Oil Group to clarify its vision as a global corporate group. Please tell us how you see our approach to this issue.

Nishi

The food segment is diverse and changes rapidly to adapt to market trends. I don’t think there is an absolute correct answer to what is the right management method when conducting business globally. I do think, however, there are three types of management models. The first is results management. As long as the desired result is obtained, the process should be left to the local sites. The second is process management, which prescribes on-site actions based on principles and brand guidelines. The third is strategy management, which is positioned between results management and process management. At this time, I think the Fuji Oil Group should adopt this third model. If too much authority is delegated to areas based on the results management model, it will be difficult to generate synergy from integration. The environments impacting each Group company vary too significantly to implement process management. Once business in each area gets on track, it may be possible to use a results management model. However, at this point in time, I think the Group requires a business-specific strategic management model that is centered on strategy.

Tanaka

My impression is that when we introduced the regional headquarters system in 2015 to strengthen

area-specific management, we turned too much toward results management. I experienced this as a director at Harald and Blommer, but delegating authority to areas certainly does strengthen on-site capabilities. At the same time, the flow of information relies on the area management company that organizes what happens locally, after which the CSO receives this information and submits it to management meetings at Group headquarters. This approach often resulted in the Group headquarters taking a passive role. When a company is operating smoothly that may have been fine, but when faced with major changes in the environment, like we are seeing now, many issues arise about which individual companies are not able to make decisions independently. Such a situation led to us being slow to act and delays in our responses. For the next three years in this period of heightened uncertainty, we are planning to proceed with a management model that resembles process management. From there, we will shift to strategy management, as you suggested Mr. Nishi. As a first step, during the period of the new mid-term management plan, we will clarify the division of roles between the executive officers in charge of business at Group headquarters and regional headquarters and take other measures to strengthen our supply chain and build a foundation for risk management.



Sakai

There are two main reasons behind the decision to strengthen business-specific management. The first is to strengthen risk management. Due to a series of unexpected changes in our external environment,

Special Three-Person Discussion: Background and Motivation behind the Formulation of the New Mid-Term Management Plan

including COVID-19 and the Russia-Ukraine conflict, we have seen the materialization of major risks that impact the entire Group, especially our supply chain. Area-specific management tends to stop at analyzing risks for each Group company or region. Our goal is to strengthen business-specific management in order to raise our awareness of comprehensive risks that affect the entire Group. The second is to make more effective use of important resources such as human capital. With area-specific management, resource allocation across areas did not go smoothly. We intend to strengthen our business-specific management to promote optimal resource allocation throughout the Group.

Nishi

The Fuji Oil Group most certainly has tangible assets and intangible assets, particularly human capital and technology, that are not being fully utilized. In addition to new initiatives, I think it is also important to identify existing assets at each site and use indicators to see if these assets are being used effectively. This type of review of our assets will definitely also lead to improvements in management efficiency.

Sakai

We do not plan to make any large capital investments during the period of the new mid-term management plan. We view the major issue with our production sites as being whether or not we can make the most effective use of the assets we currently hold to generate profits. In terms of pursuing efficiency, we adopted ROIC management. However, it is not simply a matter of selling off a business that is not generating profits. We have to consider multiple aspects, including our reputation in individual markets and our connections with customers. In some cases, the utilization of certain assets cannot be expressed in figures, such as human capital. On the other hand, it is also true that we lacked a sense of capital costs. More than ever before, we need to consider whether the profitability of invested capital is sufficient compared with its capital costs. We recognize that, as we are entrusted with funds from our shareholders, it is essential to promote management with an awareness of capital costs.

Enhancing Sustainability

Question

The third basic policy is to enhance sustainability. Please tell us how you see linking the Group's sustainability strategy and management strategy and the pursuit of corporate value improvements.

Nishi

As I see it, there are two types of sustainability issues: those that must be addressed as a minimum and those that must be addressed strategically to enhance competitiveness. The former are issues that often do not have returns commensurate with costs but are considered unavoidable for the survival of a company and require taking creative approaches to sustainability themes and combining those themes with other themes. The latter are issues that support the profit base from a medium- to long-term perspective by promoting initiatives that enhance corporate capabilities and competitiveness. Although many Japanese companies are hesitant to bring such initiatives to the forefront, overseas companies are pushing them forward without hesitation, which may be due to a growing global sentiment that sustainability initiatives are imperative to a company's survival. The Fuji Oil Group must also work with an even greater sense of urgency. Doing so will require real investments and optimal allocation of human resources—one of the important tasks of the CSO.

Tanaka

The Group handles many raw materials that are closely linked to global environmental and human rights issues, such as deforestation and child labor. We will continue to address these issues to fulfill our social responsibilities. From a business perspective, however, there is a limit to how much sustainability can be converted into profits. To reiterate what Mr. Nishi said, I feel that it is an urgent issue to improve the attractiveness of actual products while simultaneously providing the combined value associated with being sustainable.

Sakai

Fuji Oil accounts for approximately 60% of Japan's commercial chocolate production and nearly 40% of Japan's palm oil imports. As long as we account for such large market shares, we must lead the industry and tackle sustainability issues strategically. It is critical that we not only allocate funds to sustainability, but that we also create a mechanism for our customers to recognize the value of sustainable products.

Promoting a Strategy for Communicating with Local Sites

Question

So far, we have discussed the new mid-term management plan, but importantly the plan must be introduced at each of the Group's worksites and put into action. What do you think is necessary to increase the feasibility of Vision for 2030 of working together with stakeholders to co-create a sustainable future for food, based on plant-based ingredients that are both delicious and healthy?

Nishi

What I would like to pay most attention to in this first year is to what extent employees will talk about Reborn 2024 in their own words. I think it's good that there are

various interpretations of Reborn 2024. Individual employees will come up with their own opinions on how they should approach Reborn 2024, and those opinions will eventually reach Mr. Tanaka. I believe that collectively these opinions will serve as a catalyst for a rebirth.

Sakai

This year, I would like to actively step up communication with Group companies in particular and to use this period to close the distance between Group headquarters and individual companies, including those in Japan. We will push forward under Reborn 2024 as a way for the Group to come together as one and be reborn into a new Fuji Oil Group.

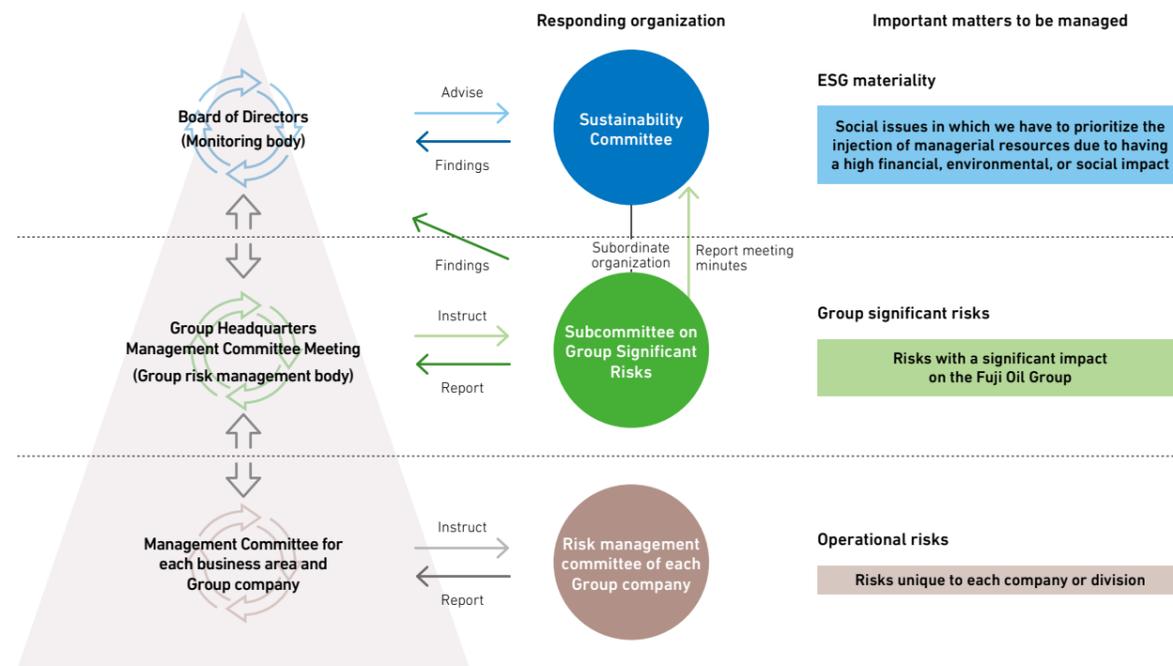


Fuji Oil Group Risk Management

The Fuji Oil Group conducts business activities in various areas of Japan, the Americas, Europe, Southeast Asia, and China. In these areas, our business expands across four segments: Vegetable Oils and Fats, Industrial Chocolate, Emulsified and Fermented Ingredients, and Soy-Based Ingredients. As a result of these global operations, the Fuji Oil Group's value chain is impacted by social issues and changes in the socioeconomic environment, and this also means that there are various latent risks associated with the Group's value chain. In response to these risks, we have established a Groupwide risk management structure for comprehensive risk management. Under this structure, we position the Management Committee as the body in charge of risk management for the entire Group. We analyze risks, including risks identified by management (strategic and financial risks), risks associated with our ESG materiality map, and operational risks, based on information sources covering the Group's various operating environments. Based on that information, we make comprehensive judgments on the impact on operations, the possibility of occurrence, and the potential timing of manifestation. From those judgments, we then draft and implement countermeasure proposals, confirm progress, and conduct assessments to make improvements.

Fuji Oil Group Risk Management Structure

Group Risk Management Structure



Sustainability Committee and ESG Materiality

We established the Sustainability Committee as an advisory body to the Fuji Oil Group Board of Directors to promote and supervise Group sustainability. This committee works to identify ESG materiality from the perspective of medium- and long-term and multiple perspectives. The committee identifies the direction of universal initiatives, targets, and KPIs and monitors the progress of themes related to materiality. We analyze the importance of social issues related to ESG materiality from two perspectives: the impact the Fuji Oil Group has on society and the impact social issues have on the Fuji Oil Group. Based on this analysis, we identify high-priority matters.

Subcommittee on Group Significant Risks and Fuji Oil Group Significant Risks

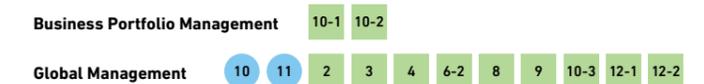
During the implementation of business strategy aligned with the Group's medium- and long-term direction, we identify risks recognized as having a serious impact on the Group as significant risks, and we engage in risk mitigation. Since fiscal 2022, we have worked to reduce the risk of damage to our corporate value by evaluating risk proposals and assessing and confirming the adequacy of response measures via the Subcommittee on Group Significant Risks. The subcommittee is established as a subordinate organization to the Sustainability Committee and involves participation from a diverse range of members.

Operational Risks

We have established risk management committees within each of our Group companies. These committees implement a PDCA cycle consisting of risk assessment, risk response, self-checks, and improvement (plan proposals for the next fiscal year). These committees work with the Fuji Oil Group headquarters, regional headquarters, and Group companies to identify and respond to operational risks. During risk assessments, these committees identify risks within their own companies and use risk maps (vertical axis: company losses/ impact level, horizontal axis: possibility of occurrence) to evaluate and designate risks with the potential of significant losses or a serious impact as "significant risks." The committees determine response methods for significant risks and work to mitigate these risks.



- 1 Creation of sustainable food resources
- 2 Health and nutrition
- 3 Sustainable procurement
- 4 Product safety and quality
- 5 Occupational health and safety
- 6 Climate change
- 7 Water resources
- 8 Circular economy
- 9 Biodiversity
- 10 DE&I
- 11 Governance, risk, and compliance (GRC)

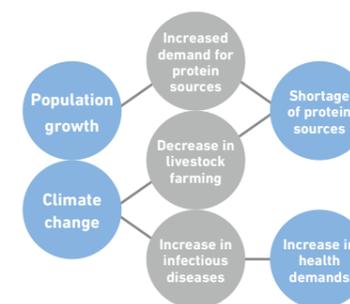


- 1 Risks related to fluctuations in raw material prices
- 2 Financial and tax risk
- 3 Legal and compliance risk
- 4 Management risk of Group companies
- 5 Risks related to food safety
- 6 Supply chain-related risk
- 7 Risks related to disasters, accidents, and infectious diseases
- 8 Information system/security-related risk
- 9 Risks related to human resource hiring and development
- 10 Business transformation/reform-related risk
- 11 Environmental and human rights risks
- 12 Country risk of regions comprising the Group's global network

Converting Risks into Business Opportunities

The various social issues associated with climate change and global population growth are risks with the potential to impact our business and operating environment. At the same time, we believe the changes in demands for food sources and changes in consumer spending habits associated with these social issues represent new opportunities for growth. We will challenge ourselves to develop next-generation businesses that target the plant-based food markets expected to see future growth driven by changing social structures and expanding needs.

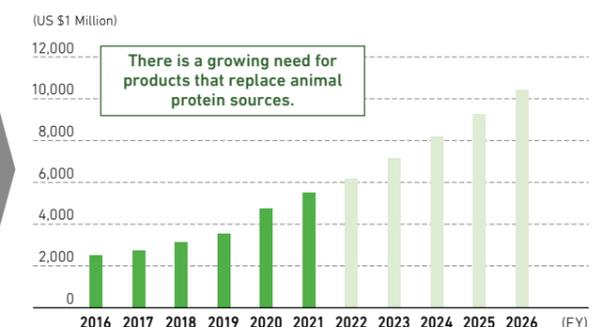
Changes in Social Structures



Assessing Risks, Opportunities, and Financial Impact Associated with Climate Change → P54

Growing Need for Plant-Based Foods

Global Sales Value of Meat and Seafood Substitutes



Source: Euromonitor International 2022
: Processed Meat, Seafood and Alternatives to Meat

Initiatives Focused on New Business Creation → P74



Please refer to *Sustainability Report 2022* (scheduled to be issued in October 2022) for details on our initiatives regarding ESG Materiality. Social Impact and ESG Materiality → <https://www.fujioilholdings.com/en/sustainability/materiality/>

ESG Materiality

Our Material ESG Issues

The Fuji Oil Group identifies material ESG issues as areas where we can contribute, through our business activities, to the sustainable development of society, our own sustainable growth and the creation of value for society. Material ESG issues contribute to two of the four activity areas* for promoting sustainability management: "Creation of positive impact" and "Reduction of negative impact." We perform a materiality assessment once a year based on the input received through our dialogue with stakeholders, including suggestions on new social issues.

*1. Creation of positive impact, 2. Reduction of negative impact, 3. Social contribution activities, and 4. Communication with stakeholders

FY2022 Identification and Selection Process of Material ESG Issues



* By taking into account the list of Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) disclosures, World Benchmarking Alliance (WBA) standards, the SDGs, ESG themes promoted by industry organizations, material issues of rival companies in and outside Japan, and the advice of external experts

The fiscal 2022 ESG Materiality Map and material ESG issues have been updated primarily from the following perspectives.

- Adopted expressions on the vertical and horizontal axes of the ESG Materiality Map that highlight the concept of double materiality and conducted an analysis emphasizing the degree of the Group's impact on society
- Organized "Health and nutrition" and "Biodiversity" as independent social issues, which have been of growing interest to stakeholders since the analysis in fiscal 2021
- Slightly modified the names of some social issues to better align with stakeholder concerns (e.g., "Creative food solutions" to "Creation of sustainable food resources")

FY2022 ESG Materiality Map

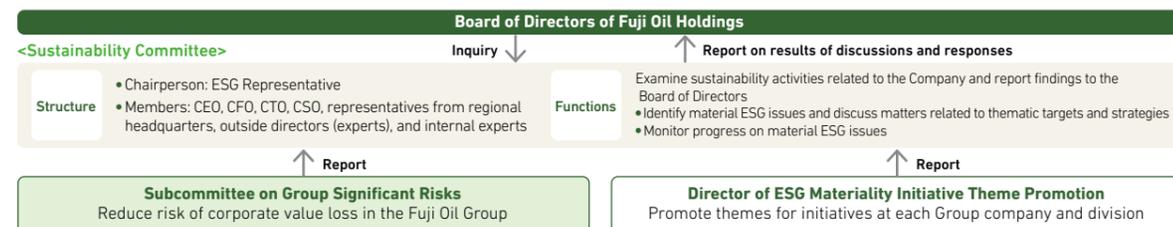
Impact of the Fuji Oil Group on society	Highest	Impact of social issues on the Fuji Oil Group		
		High	Higher	Highest
		<ul style="list-style-type: none"> Health and nutrition Biodiversity 	<ul style="list-style-type: none"> Creation of sustainable food resources Sustainable procurement*1 	<ul style="list-style-type: none"> Product safety and quality Climate change
	Higher	<ul style="list-style-type: none"> Partnership with communities 	<ul style="list-style-type: none"> Occupational health and safety Water resources Circular economy 	<ul style="list-style-type: none"> DE&I*2 GRC*3
	High	<ul style="list-style-type: none"> Plastic use reduction Animal welfare 	<ul style="list-style-type: none"> Human resource development 	

*1 "Sustainable procurement" includes important issues such as respect for human rights, biodiversity conservation, and forest conservation.
 *2 Diversity, equity and inclusion.
 *3 Governance, risk, and compliance. "GRC" includes corporate governance and internal control. The Sustainability Committee is in charge of monitoring internal control. The board of directors is in charge of monitoring corporate governance.

Sustainability Committee*

The Sustainability Committee was established as an advisory body to the Board of Directors of Fuji Oil Holdings Inc. for the purpose of putting more strength behind sustainability management to meet the expectations of stakeholders. The committee meets at least twice a year to identify ESG issues that are material to the Fuji Oil Group and form a basis for sustainability management and to discuss targets and strategies for ESG initiatives from medium- to long-term, multi-stakeholder perspectives. The committee reports to the Board of Directors, which makes decisions on the Group's material ESG issues and direction over the medium to long term. In fiscal 2022, we have added representatives from regional headquarters to the committee's membership, which also includes the ESG Representative (who serves as chairperson), executive officers, and internal and external experts. By incorporating local social issues into the committee's discussions, we hope to create a stronger link between business strategy and local initiatives.

* Since 2015, the ESG Committee had served as an advisory body to the Fuji Oil Holdings Inc. Board of Directors for promoting and monitoring Groupwide and cross-business sustainability initiatives. Because corporate governance (G) is a matter to be handled by the Board of Directors, we changed the name of this committee in fiscal 2022 to the Sustainability Committee, considering its role in implementing PDCA for initiatives focused on environmental (E) and social (S) factors.



Material ESG Issues for Fiscal 2022

ESG Materiality	Action Theme	Person in Charge	SDGs We Aim to Support	Our Vision	FY2021 Results
Value creation					
Creation of sustainable food resources	Creation of plant-based protein resources	CTO	SDG 2, 12	Establish alternative technologies and disseminate environment-friendly plant-based food ingredients—a substitute for animal protein and dairy products—to address the concerning issue of food resource shortages in the future	<ul style="list-style-type: none"> Marketed 10 soy meat food products (e.g., plant-based nuggets) and ingredients that can replace animal meat ingredients or meat products Marketed 5 plant-based milk and cream products (e.g., Almond Whip)
Health and nutrition	Solutions for healthy aging	CTO	SDG 3, 5	Contribute to well-being among elderly people by addressing health issues and removing lifestyle limitations	<ul style="list-style-type: none"> Published research presenting new evidence on the health functions of stabilized DHA/EPA Registered a DHA-fortified milk beverage under the Foods with Functions Claims (FFC) system Made plans for building a network of partnerships dedicated to preventing dementia
	Reduction of sugars intake	CTO	SDG 3	Provide nutritionally balanced food products that help prevent lifestyle-related diseases by replacing certain sugars with plant-based protein ingredients	<ul style="list-style-type: none"> Developed and commercialized food ingredients that increase the percentage of protein in staple foods Successfully developed protein-fortified staple food ingredients in the lab
	Reduction of trans fatty acid content	CSO	SDG 3	Reduce the amount of trans-fatty acids (TFA) contained in products in compliance with the WHO's recommendations and the laws and regulations of each country (in regions where the TFA intake exceeds 1% of the total daily energy intake)	Of relevant Group companies outside Japan, 10 out of 14 completed the switch to low-TFA products (as of March 2022)
Sustainable procurement	Sustainable procurement of palm oil	CSO	SDG 8, 12, 15	<ul style="list-style-type: none"> Achieve "No Deforestation, No Peatland Development, No Exploitation (NDPE)" throughout the supply chain Achieve 100% traceability to plantation (TTP) by 2030 Implement the Labour Transformation Programme (LTP) at all direct suppliers by 2030 	<ul style="list-style-type: none"> Traceability to mill (TTM): 100% TTP: 85% No deforestation: Conducted routine monitoring of the palm oil supply chain using satellite images (Malaysia, Indonesia, Papua New Guinea) LTP implementation at all suppliers of Palmaju Edible Oil Sdn. Bhd. (Malaysia): 27% GPS mapping: Mapped 87% of farms that are direct suppliers of Blommer Chocolate Company (U.S.) Support program in Ghana: <ul style="list-style-type: none"> Implemented at 1,250 farmers Conducted surveys of 1,200 households in the supply chain Provided education against hazardous child labor and Worst Forms of Child Labour Provided GAP*1 instruction to farms that are direct suppliers Planted 100,000 trees in western Ghana
	Sustainable procurement of cocoa	CSO	SDG 8, 12, 15	<ul style="list-style-type: none"> End child labor by 2030 End Worst Forms of Child Labour defined by ILO Convention by 2025 Improve living conditions of farmers Prevent deforestation and protect forests: Plant one million trees in cocoa-growing regions by 2030 	<ul style="list-style-type: none"> Set medium-term goals and KPIs Created a self-assessment tool for suppliers and began assessing conditions at each supplier Identified and sorted the different definitions of "community" for each supplier country
	Sustainable procurement of soybeans	CSO	SDG 12, 15	<ul style="list-style-type: none"> No deforestation, no exploitation, and ensure compliance in the supply chain Achieve traceability to primary collection points by 2025 and to the community level by 2030, or 100% procurement of RTRS*2-certified products or products certified to equivalent standards 	<ul style="list-style-type: none"> Planted 6,000 trees Direct procurement of shea kernels from Tebma-Kandou cooperatives: 2.5% Permanent, direct employees at Fuji Oil Ghana Ltd.: Increased by 42% (base year: 2017)
	Sustainable procurement of shea kernels	CSO	SDG 8, 12, 15	<ul style="list-style-type: none"> Deforestation prevention and parkland protection: Plant 6,000 trees per year until 2030 Achieve traceability to the village level: 50% by 2025, 75% by 2030 Direct procurement of shea kernels from Tebma-Kandou cooperatives: 30% by 2025, 50% by 2030 Create value in local communities: Increase permanent, direct employees at Fuji Oil Ghana Ltd. by 50% (base year: 2017) 	

Safety, quality, and the environment

Product safety and quality	Assurance of product safety and quality	ESG Representative	SDG 12	Ensure that the Fuji Oil Group is never a cause for complaints for any of the products it manufactures	Serious quality-related complaints: 0
Occupational health and safety	Promoting occupational health and safety	ESG Representative	SDG 3, 8	Place top priority on safety and respect for humanity; keep all Group companies accident free by creating safe and comfortable workplaces	Zero cases of serious accidents and serious property damage accidents
Climate change	CO ₂ emissions reduction	ESG Representative	SDG 13	Environmental Vision 2030 Reduce Scopes 1&2 CO ₂ emissions (absolute) by 40% and Scope 3 (Category 1) emissions (absolute) by 18% by 2030 (base year: 2016) Note: Approved by the Science Based Targets initiative (SBTi)	<ul style="list-style-type: none"> Scopes 1&2 (total): 21% reduction Scope 3 (Category 1): 0.1% increase
	Environmentally responsible production	CTO	SDG 12, 13	Technologies developed for eliminating chemicals, capturing and utilizing carbon (CCU), and other applications to reduce the Group's global environmental impact across its value chain	<ul style="list-style-type: none"> Environmental impact reduction assessment of new enzyme-based oil and fat processing technology. Estimated 20% reduction of CO₂ emissions; enzyme reaction rates at the actual production plant did not reach the target Began CCU project in soybean production
Water resources	Water use reduction	ESG Representative	SDG 6	Environmental Vision 2030 20% reduction by 2030 (base year: 2016)	25% reduction
Circular economy	Waste reduction	ESG Representative	SDG 12	Environmental Vision 2030 10% reduction by 2030 (base year: 2016)	5.2% reduction
	Reduction and upcycling of food waste	CTO	SDG 12	Contribute to reducing food loss and waste throughout the value chain through technology innovation and reuse/upcycling of byproducts	Developed and pitched new ingredients that maintain product quality and increased customer adoption
Biodiversity*3	Biodiversity conservation and restoration	ESG Representative	SDG 15	Become nature positive in key raw material producing regions	Not included in the ESG materiality in FY2021

Business foundations

DE&I	DE&I management**	Division Head of Global HR Group	SDG 5, 8, 10	<ul style="list-style-type: none"> Equity: Remove barriers experienced by people from disadvantaged communities; provide equitable opportunities and conduct fair evaluations Inclusion: Build a corporate culture that fosters feelings of belonging among all employees Diversity: Harness diversity in creating business models and for value creation 	<ul style="list-style-type: none"> Groupwide <ul style="list-style-type: none"> Conducted e-learning on the Group Management Philosophy Documented the qualities required of executive managers and implemented measures based on those requirements Japan <ul style="list-style-type: none"> Increased work-style options by revising our contracted reemployment program, expanding our telework system, etc. Percentage of eligible male employees who took childcare leave: 73% Provided self-development opportunities to all employees, regardless of employment arrangement Opened new workplaces and provided follow-up support to people with disabilities to support them in achieving long-term work Other countries <ul style="list-style-type: none"> Interviewed Group companies outside Japan on DE&I issues Identified positions that require dispatching employees from Japan and made efforts to localize positions that do not require them
	Risk management system	ESG Representative	SDG 17	Earn the trust of society by demonstrating high reliability and risk management capability	<ul style="list-style-type: none"> Identified significant Groupwide risks and carried out appropriate risk management Prepared climate change scenarios based on the latest reliable, objective data Explored ways of quantifying financial impacts
GRC*5	Information security management	CFO	SDG 9	<ul style="list-style-type: none"> Reform processes through the use of information and communications technology (ICT) and create corporate value Facilitate the achievement of Group governance through the use of safe and secure ICT 	<ul style="list-style-type: none"> Serious security incidents: 0 Added audit items to address new threats and conducted internal audits at 13 Group companies worldwide
	Strong compliance	Legal & General Affairs Division Head	SDG 16	Earn the trust of all stakeholders by conducting business fairly, transparently, and with integrity	<ul style="list-style-type: none"> Appointed staff responsible for legal affairs at each Group company and established communication lines between such staff and Fuji Oil Holdings Inc. Head Group companies conduct a self-assessment of public official bribery risk and a self-assessment of systems for preventing bribery at higher-risk workplaces Held antitrust compliance group trainings in Japan, China, North America, and Singapore Conducted global e-learning on bribery prevention
	Group governance	CSO	SDG 17	Enhance corporate value through the establishment of an effective Group governance system	<ul style="list-style-type: none"> Carried out an employee relations (ER) program to promote activation and mutual understanding within the Group Conducted training for employees preparing for an assignment at another Group company outside Japan Deepened partnership between the Internal Audit Group and the Corporate Planning Group
	Corporate governance	CSO	SDG 17	Carried out deliberations on the following at board meetings in FY2021	<ul style="list-style-type: none"> Carried out deliberations on the following at the board meetings in FY2021 Agenda items that should be adopted and deliberated on for monitoring purposes How to manage business execution to accommodate sufficient monitoring Separation of roles between the Board of Directors and the Management Committee Meeting (the highest decision-making body for business execution)

*1 GAP: Good Agricultural Practices
 *2 RTRS: Round Table on Responsible Soy Association
 *3 Please refer to *Sustainability Report 2022* to learn more about our biodiversity initiatives.
 *4 DE&I management: A term encapsulating the concepts and practices of providing equitable opportunities and evaluations and developing and leveraging diverse teams through inclusive management.
 *5 GRC: Governance, risk, and compliance

Group Significant Risks

1 Risk Identification

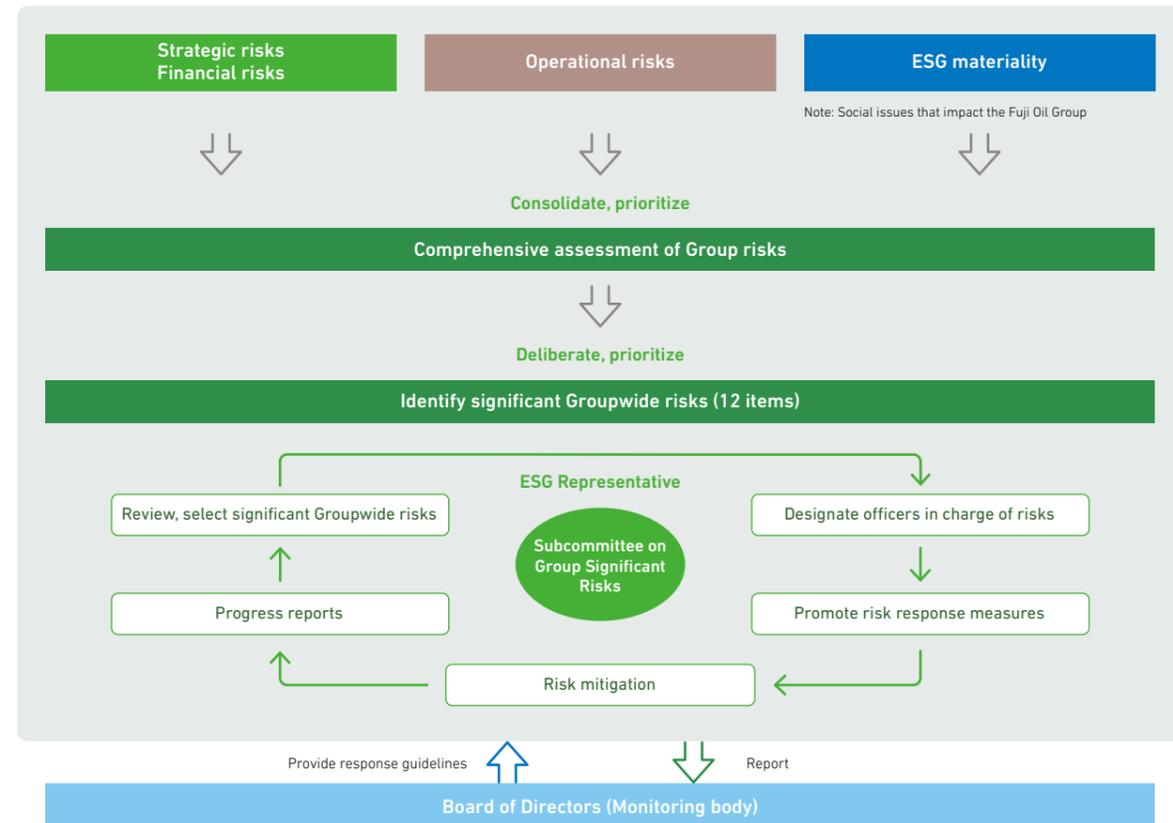
Group companies create risk maps to identify the operational risks of each company. Companies also determine strategic and financial risks at the Management Committee Meeting. The Board of Directors determines particularly significant risks by comprehensively assessing risks together with ESG materiality themes recognized as social issues that impact the Fuji Oil Group.

2 Risk Response and Monitoring

The Management Committee is positioned as the Group risk management body. The meeting designates officers in charge of each risk and outlines responses for addressing Group significant risks identified through the process described above. The committee also receives progress reports from officers in charge and reviews and selects significant risks. These risk management processes are managed by the ESG Representative, who issues regular reports to the Board of Directors. As the monitoring body, the Board of Directors confirms reports from the Management Committee and issues instructions. Furthermore, the Board of Directors deliberates on response policies for risks with the potential to have a serious impact on the Group and emerging risks, and it issues response guidelines to the Management Committee.

Group Significant Risk Identification and Response

Management Committee (Group Risk Management Body)



3 Monitoring of Results for Fiscal 2021

Each designated chief officer advanced response measures for the 12 significant risks identified in fiscal 2021. Reports on progress and issues were submitted to the Board of Directors to promote risk mitigation. Each officer in charge of risks also issued reports to the Board of Directors on the details and status of response implementation. Through these reports, the Board of Directors confirmed the adequacy and timeliness of responses to address factors related to emerging risks and subsequent response measures.

Fuji Oil Group Significant Risks (for fiscal 2022)

We selected the following 12 items as significant risks requiring management. For each risk, we designate a chief officer and draft response plans. Response status is reported to the Board of Directors to establish a system of monitoring. Furthermore, forward-looking statements constitute reasonable judgments made by the Fuji Oil Group based on information available as of March 31, 2022.

Risk	Group significant risk	Direction of risk response	Officer in charge			
			HR	Legal Affairs	General Affairs	ESG management
			C	F	C	C
			O	S	O	O
1	Risks related to fluctuations in raw material prices	Fluctuations in prices of key raw materials				●
2	Financial and tax risk	Currency and interest rate fluctuations and international taxation risks				●
3	Legal and compliance risk	Non-compliance with countries' laws and regulations	●			
4	Management risk of Group companies	Impairment of goodwill and fixed assets due to delay in progress of Group business plan and impact of changes to various rules and regulations on business				●
5	Risks related to food safety	Incurrence of substantial costs and loss of customer trust due to significant safety- and quality-related issues				●
6-1	Supply chain-related risk	Inability to acquire key raw materials (palm oil, cocoa, soybeans, etc.) emergence of environmental and human rights issues along the supply chain				●
6-2		Restrictions to existing raw materials and manufacturing methods due to changes in countries' regulations and social trends				●
7	Risks related to disasters, accidents, and infectious diseases	Discontinuance of operations/deliveries and supply chain disruptions including personal and physical damage, etc., due to natural disasters, workplace accidents, and infectious diseases				●
8	Risks related to information systems and security	Leakage and/or loss of information due to inadequate IT governance/security				●
9	Risks related to human resource hiring and development	Risk of shortage of human resources needed to support global business structure or human resources able of generating innovation corresponding to diverse values; risk of not being able to secure personnel necessary for factory operations				●
10-1	Business transformation/reform-related risk	Inability to expand and/or transform businesses according to changes in the market environment				●
10-2		Delays in the development of new businesses and competitive products and technology in response to market needs				●
10-3		Inability to make appropriate management decisions due to insufficient data sharing worldwide as a result of delays in digitization				●
11-1	Environmental and human rights risks	Restrictions to business activities triggered by delayed and inadequate response to environmental issues				●
11-2		Limitations to business activities stemming from delayed and inadequate response to human rights issues				●
12-1	Country risk of regions comprising the Group's global network	Restrictions to business activities, temporary halt to operations, and supply chain disruption arising from political, economic, and social conflicts				●
12-2		Occupational fatality resulting from warfare, terrorist attacks, riots, kidnapping, or strikes				●